

BEFORE THE FAIR POLITICAL PRACTICES COMMISSION

In the Matter of:)	
)	
Opinion requested by)	No. 75-115
Senator Donald L. Grunsky)	October 23, 1975
)	

BY THE COMMISSION: We have been asked the following question by Senator Donald L. Grunsky:

Senator Grunsky is the senior partner in the law firm of Grunsky, Pybrom, Skemp and Ebey. The law firm performs legal services for Allstate Insurance Company (hereinafter "Allstate"). Allstate retained Victor F. Stefan as a legislative advocate, effective March 11, 1975, but had not employed a lobbyist in 1975 prior to that time. Between the beginning of the calendar year and March 11, 1975, Senator Grunsky's law firm performed legal services for Allstate in an amount exceeding \$1,000. The services provided to Allstate between March 11 and March 31 were less than \$1,000.

Does the requirement of Government Code Section 86109(e) that exchanges be reported if "the total value of such exchanges is one thousand dollars (\$1,000) or more in a calendar year" apply only to that part of the calendar year during which the lobbyist is employed?

CONCLUSION

The lobbyist employer must report exchanges with a business entity in which an elected state officer is a partner when the total value of such exchanges is \$1,000 or more for that part of the calendar year that the lobbyist has been employed. (Government Code Sections 86109(e) and 86110.)

ANALYSIS

Government Code Section 86108(a)^{1/} requires the filing of periodic reporting statements by "[a]ny person who employs or contracts for the services of one or more lobbyists" Pursuant to this requirement, Allstate must file periodic reports in accordance with Section 86109 and 86110.

This opinion request seeks clarification of reporting requirements pursuant to Section 86109(e). That section provides that the lobbyist employer must disclose:

The name and address of any business entity in which the person making the report knows or has reason to know that an elective state official, legislative official, agency official or state candidate is a proprietor, partner, director, officer, manager, or has more than a fifty percent ownership interest, with whom the person making the report has engaged in an exchange or exchanges of money, goods, services or anything of value and the nature and date of each such exchange and the monetary value exchanged, if the total value of such exchanges is one thousand dollars (\$1,000) or more in a calendar year.

Senator Grunsky is an elected state officer, as that term is used in Section 86109(e). Therefore, Allstate, as the employer of a lobbyist, must report exchanges with the law firm in which Senator Grunsky is a partner if the total value of such exchanges is one thousand dollars (\$1,000) or more in a calendar year. However, in the present case, Allstate did not retain a lobbyist until part way through the calendar year. As a result, its reporting obligations are in doubt, and Senator Grunsky has submitted this opinion request to resolve any ambiguity in the statutory language.^{2/}

The duty to file lobbyist employer reports arises when the employer "employs or contracts for the services" of a lobbyist. Section 86108(a). Before that time, the person is not an employer of a lobbyist and is not subject to the

^{1/}
All statutory references are to the Government Code unless otherwise noted.

^{2/}
This opinion request involves the reporting duties imposed by the Political Reform Act on Allstate, not on Senator Grunsky. Accordingly, the request should have been submitted by Allstate. Section 83114. See also 2 Cal. Adm. Code Section 18320.

restrictions of the Act. ^{3/} For purposes of this opinion, we assume that Allstate contracted for the services of a lobbyist on March 11, 1975, ^{4/} and the company's obligation to file lobbyist employer reports commenced at that time.

Section 86110 provides that:

. . . The period covered [by each lobbyist employer report] shall be from the beginning of the calendar year through the last day of the month prior to the month during which the report is filed, except that the period covered shall not include any months covered in previous reports filed by the same person....

We have clarified in a regulation the meaning of Section 86110 as it applies to persons who become lobbyists and lobbyist employers during the calendar year. 2 Cal. Adm. Code Section 18615(a)(7)(B) provides that the first report filed by a lobbyist "shall cover all the activities of the lobbyist for the month in which he first registered or qualified." Thus, a person who becomes a lobbyist during the month of March must file a report disclosing his activities for the entire month of March.

In Atlantic-Richfield Company, 1 FPPC Opinions (No. 75-078-A, October 23, 1975), we construed Section 86110 to have similar application to reports filed by a lobbyist employer. In that opinion, we concluded that the first report filed by a lobbyist employer must cover the entire month during which an employee first qualified or registered as a lobbyist. Accordingly, Allstate's initial lobbyist employer report should report activities from March 1 through March 31, 1975.

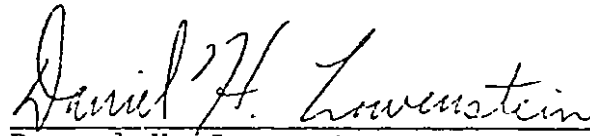
Consistent with our earlier analysis, we conclude that the language in Section 86109(e) that requires reporting of exchanges if "the total value of such exchanges is one thousand dollars (\$1,000) or more in a calendar year," must be limited to include only that part of the year covered

^{3/}
2 Cal. Adm. Code Section 18600(a) provides that the "duties and prohibitions [imposed on a lobbyist employer by the Political Reform Act] begin as of the day a lobbyist contracts or is employed to influence or attempts to influence the action of any agency . . ."

^{4/}
The words "effective March 11, 1975," may indicate that the employment contract was negotiated before that date and that the lobbyist actually began performing on March 11, 1975. If so, the employer's reporting obligations commenced earlier than March 11, 1975.

by the lobbyist employer reports. Since Allstate's initial report commenced with the first day of the month in which the lobbyist was employed, the company's reporting obligations under Section 86109(e) also commenced with that date. Accordingly, when Allstate files a Lobbyist Employer Report (Form 650), it must disclose exchanges with Senator Grunsky's law firm only if the total value of the exchanges is one thousand dollars (\$1,000) or more during the period between the beginning of the month in which Allstate hired its lobbyist and the closing date of the present report. Therefore, Allstate must report fees paid to the law firm between March 1, 1975, and March 31, 1975, if those fees were \$1,000 or more. If fees paid during that month were not \$1,000 or more, Allstate need not report the exchange until the cumulative fees paid to the law firm between March 1, 1975, and the closing date of a subsequent statement in the same calendar year are \$1,000 or more. After that initial disclosure, Allstate must report the cumulative amounts paid to the law firm since March 1, 1975, on each successive report for the rest of the calendar year.

Approved by the Commission on October 23, 1975.
Concurring: Brosnahan, Carpenter, Miller and Lowenstein.
Commissioner Waters was absent.


Daniel H. Lowenstein
Chairman